है । कहीं पहाडी एरिया है, कहीं रेगिस्तान है तो कहीं फ्लड का एरिया है तो इनके लिए हमने अपने सहयोगी मंत्री सिकंदर जी की अध्यक्षता में एक हाई पावर्ड कमेटी बनाई थी जिसकी रिपोर्ट मेरे पास आ गई है । तो कहां-कहां कौन सी टेक्नालॉजी का इस्तेमाल हो सकता है, यह देखा जाएगा ।

अभी बहुत सारी टेक्नालॉजी निकली हैं जैसे डब्ल्यू0एल0एल0 – वायरलेस लूप लाईन है, और अन्य टेक्नालॉजी भी है । हिली एरिया में कौन सी टेक्नालॉजी काम करेगी, डेजर्ट एरिया में कौन सी टेक्नालॉजी काम करेगी और फ्लड एरिया में कौन सी टेक्नालॉजी काम करेगी – सब जगह तो हम केबल नही लगा सकते है । जहां तक केबल का सवाल है, उसमें जो बढ़िया से बढ़िया केबल है, उसको हम आइडेंटिफाई कर रहे है और कर भी लिया है । इस तरीके से चारों तरफ से चाहे सेल्युलर टेलीफोन हो, चाहे वायरलेस का सेट हो, चाहे सैटेलाइट का माध्यम हो, चाहे केबल का माध्यम हो, हम युद्ध स्तर पर काम करके, बढ़िया से बढ़िया टेक्नालॉजी देकर सारे के सारे एरिया जो बैकवर्ड एरिया है, जो हिली एरिया है, जो उपेक्षित एरिया है – ट्राइबल एरिया है, सब जगह टेलीफोन ले जाने का हमारा कार्यक्रम है और हम ले जाएंगे, ऐसा हम आपको विश्वास दिलाते है ।

Steps to Increase NRI Investments

*222. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that NRI investment in India has been declining for the last few years;

(b) if so, what steps government have taken or propose to take to increase NRI investments in the country;

(c) whether Government propose to establish any separate Department to monitor and encourage NRI investment; and

(d) if so, what would be the specific responsibilities and scope of work of this Department?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) While there has been a decline in NRI direct investment during the years 1996, 1997 and 1998, on the basis of the information available till the end of October this year, the investments during 1999 will be higher than 1998.

(b) Policies and Procedures governing FDI/'NRI investments are

streamlined/simplified from time to time to create a more favourable investment environment for NRI, which include, (i) automatic approval upto 100% in the high priority industries where Foreign Investment Promotion Board (FIPB) approval is required for foreign investors beyond the stipulated automatic approval limit up to 50%/51%/74%, (ii) higher Foreign Direct Investment (FDI) limits in sectors having sectoral caps, such as Air-taxi operations and private sector banks, (iii) investment upto 100% in the Housing and Real Estate Sector, which is not otherwise open for FDI and (iv) increase in individual secondary market investment limit in a company from 1% to 5% and aggregate investment in a company by all NRIs from 5% to 10%, which will be exclusive and separate from Foreign Institutional Investor (FII) investment ceilings to avoid crowding out NRIs by FIIs.

(c) and (d) While no separate Department for NRIs has been created, measures have been taken to strengthen the existing set up in the Department of Industrial Policy & Promotion and Ministry of External Affairs by setting up of a Foreign Investment Implementation Authority (FIIA), for monitoring, facilitating implementation and encouraging foreign investments including NRI investments.

SHRI PREM CHAND GUPTA: Sir, the NRI investment during 1996, 1997, 1998 has declined. This is a matter of concern. The Government, in its reply, as stated that in the year 1999, it is likely to be more than what it was in 1998. Mr. Chairman, Sir, I would like to say here, the NRI community has helped this country not only financially but also politically. They have brought laurels to this country through their contribution in the Silicon Valley and other hi-tech defence organisations in USA. We have, unfortunately, not done much for this community, and this is a matter of regret. The Government, in its reply, has stated that they want to set up one Foreign Investment Implementation Authority for monitoring and facilitating implementation and encouraging foreign investment, including NRI investment. We already have two authorities, one is the Chief Commissioner for NRIs and the other is development organisation which is known as India investment Centre. I would like to know from the hon. Minister as to what is the contribution of

these two authorities, so far as development of NRI investment in India is concerned.

SHRI YASHWANT SINHA: Sir, it is a fact, as we have already mentioned in reply to question that NRI investment has declined over the last few years. Now they have started picking up again in the year 1999-2000. Sir, investment by NRIs, despite the emotional links that they have with this country, is also influenced by the overall international climate for investment. This house is aware. Sir, that the overall investment climate had suffered considerably from the year 1997, and that had an impact on NRI investments also. That fact that they are picking up again is an indication of the overall improvement in the investment climate within this country and outside this country. We have a Chief Commissioner for NRIs. He is an officer of the rank of Secretary to the Government of India. According to the reallocation of work which has been done on the 15th October, the office of Chief Commissioner of NRIs has been transferred to the Ministry of External Affairs, to better co-ordinate all aspects relating to the welfare of NRIs. We have the India Investment Centre. Earlier, we had decided that the India Investment Centre would be closed down. But, the India Investment Centre will continue to function. And the main purpose of the India Investment Centre will be to target the NRI investments in this country. Now, these authorities, these functionaries, have been effectively functioning. As far as the Implementation Authority is concerned, it has already been set up in the Ministry of Industry, and the reason for setting it up was,—I had also mentioned this in this year's Budget speech—that apart from approval, there was a great deal of delay taking place as far as implementation was concerned. And, the State Governments have a very important role to play in implementation. Therefore, we have set up this Implementation Authority with the administrative Ministry here, with a representative of the State Government, so that they could meet from time to time and sort out the problems relating to investment. So, this is a body which will deal only with the implementation of the investment proposals.

SHRI PREM CHAND GUPTA: Sir, I am sorry to say that the working of the India Investment Centre has not helped the NRIs at all. So, to say that it has helped the NRIs is not correct. I know of

certain cases where even the letters have not been replied. By creating another authority, we would only be adding to our expenditure. I wonder why the Government of India cannot consider asking the Indian residents abroad and assure them that all the problems related to them are co-ordinated by the Indian Missions there. The Indian Missions abroad just ignore this community. They just don't do anything. They don't help them in any way. I wonder whether the hon. Finance Minister can take up the issue with the External Affairs Ministry in order to ensure that the problems of NRIs are tackled by the Indian High Commissions, the Indian missions, abroad.

SHRI YASHWANT SINHA: Sir, if specific letters have not been replied, and if they are brought to our notice, we will, certainly, look into the matter make sure that the replies are sent. As far as the working of the Indian Missions abroad is concerned, I think, a general statement that they do nothing to help the NRIs is not correct. We also go abroad. Invariably, we meet the non-resident Indian community in our trips abroad. And, I am personally aware of the fact that many Indian Missions have done excellent work in coordination with the NRI organisations, and the fact, as the Member himself pointed out, that the Indian community in various countries is playing a very important role, politically, socially and culturally, is an indication of the co-operation that exists between the Indian Missions and the NRI community. If there are any specific problems, we are prepared to look into them.

MISS SAROJ KHAPARDE: Sir, the Government has been reiterating from time to time that they have streamlined and simplified the policies and procedures for the purpose of promotion of foreign direct investment of the non-resident Indians in the country. But, as per the reply given by the Minister, there has been a decline in the NRI direct investment over the years, namely, from 1996 onwards. Therefore, I would like to know from the hon. Minister whether the Govemment would review its policies and procedures afresh in order to remove the bottlenecks which are coming in the way. I would also like to know from the Minister regarding the initiatives taken by the newly set up Foreign Investment Implementation Authority in this regard.

SHRI YASHWANT SINHA: Sir, in the two Budgets that I have presented, I have extended a large number of concessions to the nonresident Indian community, in terms of tax breaks, in terms of additional facilities. In the 1998-99 Budget, for instance, the individual portfolio investment by NRIs in a company, through secondary market, was increased from one per cent to five per cent. The aggregate portfolio investment, through secondary market, by all NRIs, PIOs, OCBs increased from five per cent to ten per cent. The aggregate portfolio investment limit of ten per cent by all will be exclusive and separate from the FIIs. Then, the two-stage clearance of the RBI was done away with, and we have made it a one-stage clearance.

In the 1999-2000 Budget, Sir, I said that the facility of automatic approval for investment up to 100 per cent by NRIs and OCBs on all items, except those which attract FDI equity caps, will be ensured. Then, as far as the major stock exchanges are concerned, we have said that a screen based automatic trading in securities will take place. So, a number of steps have been taken to streamline the facilities which are available for the NRIs. The response that we are getting in this year is, I would say, as a result of the facilities that we have extended. But the fact remains that the overall international climate as well as the slow-down of the economy in this country had a dampening effect on NRI investment. Sir, I have admitted it in my reply,

SHRI M. VENKAIAH NAIDU: Mr. Chairman, Sir, varioas Chief Ministers from different States are going abroad and trying to persuade the NRI community to come and invest and set up industries in their respective States. The Government of India is also very much interested in it. Unfortunately, when we go abroad, the impression amongst the NRIs is that the bureaucratic delays in this country are really dampening their spirits. Keeping that in mind, and in view of the fact that the hon. Prime Minister has set up various expert committees to make some concrete suggestions and recommendations to the Government with regard to industries and other aspects, will the Government consider including certain number of NRIs in these committees to make concrete recommendations with regard to NRI investment in India and their problems? Is the Finance

Minister prepared to have a sort of an expert group of NRIs to make recommendations and suggestions to the Government with regard to the problems of the NRIs?

SHRI YASHWANT SINHA: Sir, the hon. Member is absolutely right in saying that various States Governments have also been doing their bit in attracting NRI investments and some of them have also appointed special officers to promote investments from the NRIs. The Chief Ministers and other Ministers and officials have been going abroad to attract NRI investment in their respective States. So, a lot has been happening on the NRI front.

As far as the suggestion of the hon. Member is concerned, I would like to say that in November, last year, we had a major conference of NRIs in Delhi, which was attended by leading NRIs from all over the world. The Prime Minister addressed that conference, and the dialogue with the NRIs is a continuous one, I mean, through the Missions, through the State Governments, through the Government of India, through the Chief Commissioner. We are constantly in touch with them. The NRIs come to India; there are nongovernmental organisations working for the NRIs. So, there is no dearth of recommendations. We arc receiving a large number of recommendations; we are interacting with the NRIs, and the dialogue is on. So, I don't think there is need for any special dialogue or having an expert group of NRIs for investment, which the hon. Member has suggested.

SHRI PREM CHAND GUPTA: Sir .....*(Interruptions)*...

MR. CHAIRMAN: Your turn is over. Dr. Biplab Dasgupta.

DR. BIPLAB DASGUPTA: Sir, I agree with the objective of the hon. Minister to replace FDI with more and more NRI funding. That is correct. But I would like to draw your attention to point (b). There are other things. I am not taking them into account. In point (b), there are four items. Out of these, the first three items make no distinction between NRI and FDI. Only in the case of the fourth one, there is something about NRIs having some preferential treatment over the FDIs' on secondary market investment and so on. So, I want to know whether his concern for the NRIs is really reflected in the policy of the Government. Sir, I will also like to make this point.

The hon. Finance Minister has mentioned about the emotional links of NRIs with India. I don't dispute that. But, still, there is a need for control. If you remember, in your earlier incarnation as the Finance Minister, when you actually sold the family jewellery, when gold was physically shifted to Japan and U.K., to ask for loans, at the time, one of the reasons for the crisis, which eventually justified Dr. Manmohan Singh going to the IMF alone, was that the NRIs were taking the money out of the country. There was a flight of capital. You cannot take their emotiqnal links for granted. So, the Government has to control it and see to it that it is not defaulted.

There is another point that I want to make. Sir. As far as the new body—the India Investment Centre—that has been suggested, is concerned, it is good. But what has the India Investment Centre done? In 1969, India was exporting more than any other East-Asian country did, except one. That was thirty years ago. Today, we are way behind. All this is due to the fact that the India Investment Centre had done no job at all. Had it done its job properly, India would have been on par with the East-Asian countries, and not lagged far, far behind, than it is now at the end of this century. I would like to get answers to these points.

SHRI YASHWANT SINHA: Sir, as I have mentioned in this reply as well as orally, there are a number of areas where we are extending special facilities to NRIs which are not available to other Non-Residents, thai is the pure foreigners. For instance, as far as hundred per cent in housing and real estate is concerned, the reply itself says, "...which is not otherwise open for FDI". Then, increase in individual secondary market investment up to one to five per cent is specially for NRIs. Five to ten per cent is also specially for NRIs. So, I have outlined where we are giving special treatment to NRIs, as compared to other Non-Residents.

As far as the question of emotional links with the mother-country is concerned, I referred to this because this is something that one has felt, that there is an emotional link. But, why blame them? Here, in this country, we also look at our rate of return, the colour of money. So, that is a consideration, specially, when they are operating

internationally. We cannot blame them. In 1991, there was a flight of capital. It was not a flight of capital, but reduced investment in India, even during the last few years. But the fact remains that it did not impact on our economy in the manner in which the flight impacted in 1990-91, for the reason that, over a period of time, we had built up our reserves to an extent that we were in a position to bear the shocks. In 1991, unfortunately, we did not have that flexibility. That is why it led to a crisis.

Now, as far as the India Investment Centre is concerned, the whole question had been gone into in detail, and the then Govemment had decided to close it down. We had a re-look at it and we felt that in order to play a more important role, as far as the question of attracting NRI investment was concerned, the India Investment Centre should be kept alive and that is the main thrust of their responsibility. Trade is not the main thrust of their responsibility. So, the comparison, that you are making with the Asian and other countries in 1969 and today, is not right; there are a whole lot of other factors which are responsible. I do not think we can blame the poor India Investment Centre alone for the situation that we find ourselves in today.

SHRI KULDIP NAYYAR: Sir, my memory rolls back to my experiences in 1990 when I was the High Commissioner over there. I do not know what is the position now, things might have changed. But what I found was that there was too much of red-tapism for investment. They all complained, 'Look here, it takes along time to get through the official channels.' That was point number one. Number two; they felt that their money was not safe. To give you one specific example, there were six nationalised banks in London at that time. I do not know how many there are now. All of them, put together had only one percent of the accounts of the NRIs. If there were a hundred people, only one percent was with these six nationalised banks. These nationalised banks were vying with each other for that one per cent. So, I asked the Managers as to what was wrong. They said that they were so restricted in their operations that they could not give overdraft. If overdraft was up to 20,000 pounds, and if it was required for 20,001 or 20,010 pounds, they could not do anything. I did find, during that short period, that people were

willing. That is point number one. But they were not really being approached properly. Number two; our rules came in the way.

SHRI YASHWANT SINHA: Sir, I would dare say that much water has flown under the London bridge since 1990-91. Since then, I would like to assure the hon. Member, the stance has considerably changed. The financial sector has been opened up in the meanwhile. A lot more banks are doing business with the NRIs and the kind of restrictions which existed in 1991 are not in existence today. The whole scene is far more liberalised than it was then. The feeling. Sir, that their money was not safe in India, I think, that feeling has gone not only from the minds of the NRIs, but from the minds of the investors, in general, also. I think, India, today, can claim to be a more worthwhile destination of investments from abroad than most other countries. I dare say that the manner in which we have withstood the turmoil of South East Asia has gone a long way in improving our international image.

श्री संघ प्रिय गौतम : सभापति जी, बहुत छोटा – सा मेरा सवाल है । आप्रवासी भारतीयों ने जितना पूंजी निवेश भारत में किया है उसका प्रतिशत आधारभूत संरचना सेवा क्षेत्रों में कितना है ?

श्री यशंवत सिन्हा : इसके लिए सभापति महोदय, मैं यह सूचना उपलब्ध कराकर माननीय सदस्य को उपलब्ध करा दूंगा ।

Upgradation of ILS at IGI Airport, Delhi

*223. SHRIMATI VEENA VERMA: Will the Minister of CIVtL AVIATION be pleased to state:

(a) whether in view of the inordinate delays and freqoent cancellations of air flights from Indira Gandhi Airport at Delhi last year, it was considered necessary to provide it with state-of-the-art all Weather Category (CAT) III Instrument Landing System;

(b) if so, whether any project to provide this airport with such landing system was drawn out before the start of foggy season this year; and

(c) what progress has so far been made and whether CAT-IIt would be in place in time to avoid cancellation and inordinate delays in flights; if not, the extent and reasons for the delay?